



January 2009

Notes

The Newsletter of Kentucky's Affordable Prepaid Tuition

Federal Financial Aid Reporting Information

KAPT is treated as an investment on the Free Application for Federal Student Aid (FAFSA). Effective with the 2009–2010 school year, accounts owned by parents and accounts owned by dependent students are reported as parental investments. Note that parents should report the total refund value of all KAPT accounts owned by them, regardless of beneficiary, on the FAFSA. KAPT account owners who are considered independent students on the FAFSA should report the total refund value of all KAPT accounts owned by them, and their spouses, as student investments.

For purposes of FAFSA reporting, the refund value for KAPT accounts of beneficiaries entering or already attending college is the full payout value of the account (including earnings). For KAPT accounts of beneficiaries who have not yet reached their college enrollment year, the refund value is equal to contributions only.

To help you complete the FAFSA, the FAFSA reporting value is included on your annual statement. We have also provided the refund values on the KAPT website. To access the information:

- Select the Account Access link at www.getKAPT.com to sign into your KAPT account.
- Click on “Benefits Information.”
- Select the option to view information on completing the FAFSA.

You may also request the refund value of your account(s) for FAFSA reporting by calling customer service at 888.919.KAPT, option 2.

Your contract benefits continue to be excluded in determining the amount of Kentucky state student aid your beneficiary will receive. You should contact the school financial aid office to determine the impact your KAPT contract may have on eligibility for other types of financial aid.



Fiscal Year 2008 Actuarial Study Completed

KAPT's annual actuarial valuation was completed in September by Actuarial Resources Corporation. The valuation showed KAPT was 80.3% funded as of June 30, 2008, with a \$35.8 million actuarial deficit. The study also noted the balance of the Unclaimed Property Fund, which was more than sufficient to meet the program's unfunded liability.

The full actuarial report is available under the Reports section at www.getKAPT.com.

KAPT Enrollment Suspension Continues

In conjunction with the actuarial review at its October 16, 2008, meeting, the KAPT Board of Directors did not open KAPT for enrollment. The Board will continue to reexamine enrollment on an annual basis.

KAPT Receives Clean Audit Opinion

KAPT received an unqualified “clean” audit opinion by Strothman & Company PSC as a result of the program's annual audit for Fiscal Year 2008.

The audited financial statements are available under the Reports section at www.getKAPT.com.

KAPT Annual Statements

Your KAPT newsletter is included in this mailing of your KAPT annual statement. The annual statement is provided after December 31 each year to all KAPT account owners with active accounts. It is important that you verify all information provided on the statement and notify KAPT of any changes. Address and e-mail updates may be made online at www.getKAPT.com by selecting the Account Access link from the home page. If you have any questions regarding your annual statement, please call 888.919.KAPT, option 2.

1099-Q Forms

If any distributions were made from your KAPT account during 2008, an IRS Form 1099-Q will be issued for your account. If the distribution was made directly to the beneficiary or to a school, the 1099-Q will be sent to the beneficiary; all other 1099-Qs will be sent to the account owner. Forms and additional information will be mailed by January 31, 2009.

Using KAPT Benefits in 2009

If your KAPT beneficiary will be entering college in the fall of 2009, please take note of the following:

- Your KAPT account must be paid in full, including all outstanding fees, before your benefits can be used.
- The Projected Enrollment Year on your account must be 2009 or earlier.
- In March, you will receive a benefit usage packet that will provide detailed information and instructions on applying for and using your KAPT benefits. Information is also available under "Using Benefits" on www.getKAPT.com.

If your beneficiary is already using KAPT benefits, you can print a Billing Authorization Form and other benefit use forms and view updated payout value information on www.getKAPT.com. Remember that you should submit a Billing Authorization Form to the school each semester you want the school to invoice KAPT for tuition and fees.

If you have any questions about using KAPT benefits, please call 888.919.KAPT, option 2, or see the Using Benefits section at www.getKAPT.com.

2009 Board Meeting Schedule

Per Kentucky statute, the Kentucky Higher Education Assistance Authority (KHEAA) Board of Directors also serves as the KAPT Board of Directors. This group also serves as the board of KHEAA's sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC).

In 2009, meetings are scheduled in February, May, August, October, and November. The meeting schedule is available on the News page at www.getKAPT.com. All meetings are open to the public.

KAPT Rollover Process

You can roll over funds from other 529 accounts, Coverdell Education Savings accounts, and certain U.S. Savings Bonds into your KAPT account. If you would like to make a rollover, complete the KAPT Rollover Form (available on the Forms page at www.getKAPT.com) and follow the instructions provided on the form.



KAPT Online Account Access Available

You can view your KAPT accounts online with secure, 24-hour access.

You can check your current account status and recent financial transactions, update your and your beneficiary's mailing and e-mail addresses, calculate an early payoff on your KAPT account, and track benefit payments made to schools on behalf of a student.

Check out your accounts at www.getKAPT.com by selecting the Account Access link from the KAPT home page. You will need your KAPT account number and Social Security number to get started. If you have multiple KAPT accounts, you may use any of your KAPT account numbers to login.

If you have any questions, please call us toll free at 888.919.KAPT, option 2.

Account Forms Available Online

Forms you need to make changes to, request disbursements from, and maintain your KAPT account are available on the Forms page at www.getKAPT.com. You can download and print forms for a variety of requests including initiating automatic payments, adding/changing a successor-in-interest, changing purchaser/beneficiary, requesting a rollover, and requesting KAPT benefit disbursements.

E-mail Addresses Needed

E-mail is an important tool to keep you updated on your KAPT account. If you have not provided your e-mail address, or if your e-mail has changed, please update your e-mail using online Account Access at www.getKAPT.com.



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